



S P E E D

Support for Private Enterprise Expansion & Development

COLLABORATION BETWEEN THE PRIVATE SECTOR FOUNDATION (PSF) AND THE SPEED PROJECT

CONSIDERATION OF SPEED SUPPORT TO SPECIFIC BUSINESS ASSOCIATIONS

REPORT OF PRELIMINARY DISCUSSIONS

Report by Martin Webber

Business Development Services Consultant

Vice President

J.E. Austin Associates

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J.E. Austin Associates, Inc. and
Crimson Capital, Inc.

Collaboration between the Private Sector Foundation (PSF) and SPEED

Consideration of SPEED Support to Specific Business Associations

Report of Preliminary Discussions

September 16 – 28, 2001

INTRODUCTION

PSF, an organization composed of member associations, is focused on business growth and private sector development.

Mr. Martin Webber, Vice President of J.E. Austin Associates (JAA) and consultant through SPEED (JAA is a subcontractor to Chemonics in implementing SPEED.) met with PSF in the course of a mission in July 2001, and agreed that there were possible areas of PSF-SPEED mutual interest.

PSF subsequently met with SPEED's BDS personnel to recommend that SPEED consider providing assistance to and/or through associations, to assist Ugandan business growth.

SPEED agreed to investigate the possibilities, and Mr. Webber set out several criteria that SPEED would use to consider a priority list of possible association partner/clients. A "long-list" of associations proposed by PSF was cooperatively considered on the basis of these criteria. A short list of associations was the agreed for the first round of consideration. These are:

- Uganda Coffee Farmers Association (UCFA);
- Uganda Coffee Trade Federation (UCTF);
- Uganda Manufacturers Associations (UMA) (Packaging);
- Uganda Fish Processors and Exporters Association (UFPEA); and
- Uganda Leather and Animal Industries Association (ULAIA) (Hides & Skins).

Mr. Webber then carried out a mission Uganda from September 16 to 28, 2001. In the course of this mission he met with PSF and SPEED's BDS unit to finalize the list of candidate associations, and discuss the planning for meeting with the associations. Mr. Webber then led exploratory discussions with each of the associations.

The objective of the initial meetings to identify the needs of the associations and association members, and to determine if there were potential activities that SPEED could consider supporting. The findings are reported below.

Mr. Webber and SPEED wish to thank the PSF for suggesting this fruitful course of action, and for arranging the meetings with the associations on fairly short notice. We also thank the associations for their preparedness and for assuring such excellent discussions.

Discussions with the Associations

The following sections describe the main conclusions from the discussions with 4 of the 5 industry associations (Coffee Farmers, Coffee Traders, Fish Processors, Hides & Skins/Leather). There is no active Packaging industry association per se, but the industry does have a committee within UMA.

The meeting with UMA was an introductory meeting with the Secretary, Hilary Obonyo, Executive Director and Patrick Banya, Executive Director Information and Communication. He expressed great interest in the initiative, and agreed to convene an industry meeting after mid-October (following the trade exhibition).

The following sections present the results of the four other discussions on an association-by association basis. They do not include a full reporting of all points of discussion, but rather, focus only on those activities that would be within the scope of SPEED's interest and focus.

In a PSF survey of member associations, several priorities were identified as common themes amongst member associations. SPEED and PSF agreed that these could provide a useful point of reference, but that specific needs would be explored with each association.

Meeting with the
Uganda Coffee Farmers Association (UCFA)
Friday, September 21, 2001

The Coffee Farmers Association represents is an apex organization representing associations of coffee producers throughout Uganda. The member organizations are decentralized and relatively autonomous, and are organized to the subcounty level and beyond.

Various programs are implemented through the member organization, and there appears to be precedent for effective pilot-type implementation.

PARTICIPANTS IN THE MEETING

- Jack Bigirwa, Chairman, Uganda Coffee Farmers Association
- Vincent Mugindwa, Chairman, Muzzanganda Coffee Farmers Association
- Jane Frances Kuka, Director, UCDA. Representative of the Coffee Farmers Association to UCDA.
- Joseph Nkandu, National Coordinator, UCFA
- Emmanuel Muligi Ntambiu, Buwana Coffee Farmers Association – Mpigi District; and Central Region Coordinator of UCFA
- Rachel Mijumbi, Private Sector Foundation
- Habib Tibrichu, SPEED
- Patrick Nugawela, SPEED
- Martin Webber, SPEED

OBSERVATIONS

- The Association representatives had prepared a summary description of their association and priority needs.
- Several needs were of a nature that did not match SPEED's mandate and priorities, and are therefore not discussed in this summary report.

- The Association representatives spoke of the Masaka-Kibinge model farmers group. This appears to be an excellent model, cohesive, and with good vision and good programs. It could be a useful basis or precedents for pilot efforts.
- Because of the decentralized nature of the association's membership, and the good precedents, the Association and SPEED might usefully build on the "pilot model" approach. This would involve introducing services in a specific region, refining them, and then expanding the services to additional regions.
- Services might also be delivered to individual, medium-scale farmers. These individual farmers would serve as a pilot or demonstration.
- Replicability is important. If services are to be provided to a pilot area, the goal should be to replicate the pilot, and for the Association to possibly play the role of service provider in such programs.
- Assisting the Association will not increase exports or sales in the short term, except as it helps the association to deliver services to farmers and other stakeholders. This will need to be the basis for collaboration with SPEED.
- SPEED will check with the IDEA and COMPETE projects, to ensure that there is no overlap of proposed services

POSSIBLE SERVICES TO BE PROVIDED BY SPEED

The following types of services were identified as being those for which SPEED would have possible interest and capability. These are expressed in very preliminary, summary form, and would need to be detailed and further considered before any firm commitments were made.

It should be noted that these ideas were discussed on the basis of cost shared approaches. SPEED will be very limited in services that can be provided without cost-sharing arrangements.

Assist farmers to work effectively with other stakeholders

Coffee production is part of a value chain – a linked chain of activities that result in Ugandan coffee reaching the market. Every link in the chain – every participant – bears responsibility for the volume and quality of final product.

And yet, the various participants in this chain do not always work effectively together, or share useful information.

A number of useful types interventions were discussed to make the farmer interface with other stakeholders more effective. For example:

- Improve availability of proper equipment and tools;
- Improve storage facilities and practices;
- Provide information about the value chain, so that all participants understand the nature of their responsibility for the final product; and
- Improve grading and quality-based pricing.

Each of these topics would be very worthy. Much more detail would be needed to define appropriate packages of SPEED services.

A related idea would be to support networking activities with buyers, processors, roasters and input suppliers, to demonstrate value added services to members.

Enable farmers to have access to information

Provision of certain key information should contribute to improved productivity. Examples would include:

- Price information within Uganda and in export markets;
- Improved understanding of niche/specialty markets; and
- Improved understanding of quality standards and requirements for export.

Provide Production Packages

More detailed technical information, extension services and assistance will help farmers to improve production (volumes, quality).

Improve Access to tools and inputs

Formers currently have limited access to tools and inputs. In some areas there are insufficient local supply shops, or shops do not carry needed specialized items.

SPEED may assist helping businesspeople to establish local shops, and to obtain a better mix of products for sale.

Facilitate access to credit

This type of intervention is probably beyond SPEED's scope. However, assisting businesses to develop sound business plans, based on proper feasibility analysis, would help producers to access credit

NEXT STEPS

The above ideas are clearly only in very summary form. They will serve to indicate the services that SPEED could provide to or through the Association.

SPEED will be interested in direct impact on production, value added and exports. As such, it will be up to the association to propose more specific interventions. SPEED personnel will be available to discuss and help to develop the ideas for the services.

Certain services might be offered through the association. Of perhaps even greater interest would be for the Association to play the role of a "service provider". In other words, to maximize SPEED's leverage and to increase the capacities of the Association, SPEED would work with the Association to develop a service or program, and to offer the services to its membership. This would enable the association to better provide services to its membership.

Since the coffee sector is a priority sector also for the COMPETE project, SPEED personnel will meet with COMPETE, to further discuss these ideas.

Also, several of the ideas are based on the recognition that the producers need to interact effectively with other stakeholders. SPEED will therefore encourage joint consideration of the above ideas and services with UCTF.

Meeting with the Uganda Coffee Trade Federation (UCTF)

Monday, September 24, 2001

The UCTF is a membership organization representing Uganda's coffee traders, processors and exporters.

PARTICIPANTS IN THE MEETING

Chairman

Solomon Sabiiti Rutega, Executive Director, UCTF

Robert Waggwa-Nsibirwa, Manager Administration and Finance, UCTF

Ishak K. Lukenge, Managing Director, Kampala Domestic Sore Ltd., member of UCDA

Charles Karamagi, Coffee Trader

Rachel Mijumbi, PSF

Habib Tibrichu, SPEED

Martin Webber, SPEED

OBSERVATIONS

- The Federation representatives had prepared a summary description of their association and priority needs.
- Several needs were of a nature that did not match SPEED's mandate and priorities, and are therefore not discussed in this summary report.
- The Federation representatives spoke of the Masaka-Kibinge region, which appears to be an excellent model, cohesive, and with good vision and good programs. It could be a useful basis or precedents for pilot efforts.
- Because of the widespread nature of the Federation's membership, and the good precedents, the Federation and SPEED might usefully build on the "pilot model" approach. This would involve introducing services in a specific region, refining them, and then expanding the services to additional regions.

- Replicability is important. If services are too be provided to a pilot area, the goal should be to replicate the pilot, and for the Federation to possibly play the role of service provider in such programs.
- Assisting the Federation will not increase exports or sales in the short term, except as it helps the association to deliver services to its stakeholders. This will need to be the basis for collaboration with SPEED.
- SPEED will check with the IDEA and COMPETE projects, to ensure that there is no overlap of proposed services

POSSIBLE SERVICES TO BE PROVIDED BY SPEED

The following types of services were identified as being those for which SPEED would have possible interest and capability. These are expressed in very preliminary, summary form, and would need to be detailed and further considered before any firm commitments were made.

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Build on the pilot nature of Masaka-Kibinge

Kibinge has been cited many times as a location in which information is available and is used well, and in which stakeholders are collaborating well and using new approaches.

SPEED could assist in deepening the access to information, skills and other resources in Kibinge. For example, on a pilot basis, more value added activity could be located near the producer. SPEED could also work with the Federation to develop a capacity to replicate this experience in other locations.

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Shared promotion and sales expenditures

Several sales-related and promotion-related ideas were discussed at the meeting. Of these, consideration should be given to whether the services might be best delivered by UCTF or by SPEED working with individual entrepreneurs.

Ideas discussed included:

- Assistance in planning and shared costs of sales trips – to find and meet buyers.
- Assistance in planning Ugandan presence at trade fairs.
- Sharing costs of participation in trade fairs (few Ugandan firms go to trade fairs.)
- Development of promotional materials – e.g. brochures, CD ROMs. The current quality of promotional materials is low (and price is high). Consumers will pay more if they have more information about their coffee.

Website hosting and maintenance

The Federation is interested in developing a web strategy, as part of the promotional strategy. Participants felt that the large trade houses probably have little use for a website or portal, but that specialized exporters would be very interested.

Market analyses

The Federation sees the need for additional market analyses, in particular focused on understanding market niches and special market requirements.

Provide market Information

Continuous market and related information is needed throughout the country. The Federation is interested in collecting and disseminating information such as:

- Terminal market and local prices.
- Specifics on weather, road conditions.
- Information about flowering times, etc.

Such information would enable farmers to synchronize their plans. It reduces the power of the middleman, and reduces disinformation given to the farmer.

The information is currently costly to collect, and is therefore not available.

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Certain services might be offered through the Federation. Of perhaps even greater interest would be for the Federation to play the role of a “service provider”. In other words, to maximize SPEED’s leverage and to increase the capacities of the Federation, SPEED would work with the Federation to develop a service or program, and to offer the services to its membership. This would enable the Federation to better provide services to its membership.

Since the coffee sector is a priority sector also for the COMPETE project, SPEED personnel will meet with COMPETE, to further discuss these ideas.

Also, several of the ideas are based on the recognition that the producers need to interact effectively with other stakeholders. SPEED will therefore encourage joint consideration of the above ideas and services with UCFA.

**Meeting with the
Uganda Fish Processors and Exporters Association (UFPEA)**

Monday, September 24, 2001

UFPEA represents the eleven active fish processors and exporters operating in the country. The industry is highly export oriented.

PARTICIPANTS IN THE MEETING

- Yogesh Grover, Chairman, UFPEA
- Philip Borel, UFPEA (past Chairman), Greenfields
- Deborah Nyanuuda, UFPEA/Secretariat
- C.M. Dhatemwa, COMPETE
- Rachel Mijumbi, PSF
- Patrick Nugawela, SPEED
- Habib Tibrichu, SPEED
- Martin Webber, SPEED

OBSERVATIONS

- Several needs were of a nature that did not match SPEED's mandate and priorities, and are not discussed in this summary report.
- Ideas emerged for separate PSF collaboration with the Association.
- SPEED is already working with the industry, and with the association. This work includes development of a website strategy, and assisting linkages with and investment in fish farming.
- For pilot-type activities, replicability is important. If services are to be provided on a pilot or demonstration basis, the goal should be to replicate the pilot, and for the Association to possibly play the role of service provider in such programs.
- Assisting the Association will not increase exports or sales in the short term, except as it helps the Association to deliver services to its stakeholders. This will need to be the basis for collaboration with SPEED.

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Establish an independent laboratory

Strict standards, and the lessons of recent problems with the European market, have taught the industry the need to do its utmost to safeguard the industry's quality. SPEED could assist the industry to establish an independent testing laboratory. An initial service could be to carry out a cost/feasibility study.

Promote the image of Uganda's fish industry

The industry sees need to improve the image of the industry in its target markets. This is particularly necessary in light of the recent issues with the European market.

There may be several ways to accomplish this, and SPEED would be open to assisting with many possible actions. One idea discussed was preparation of a PowerPoint presentation or CD ROM presentation about the industry.

Facilitate industry presence at key trade fairs

Despite its significant successes, there is relatively little Ugandan presence at major trade fairs (e.g. Brussels, Boston, Far East). This restricts the identification of new customers and precludes opportunities to improve the industry's image abroad.

SPEED could assist the Association to play an active role in such venues.

Facilitate market knowledge

Ugandan exporters are typically linked to just a few buyers. The industry, therefore, doesn't know the market as fully as it should. There is need to become connected to the distribution channels, the industry actors, and the "networkers".

The purpose would not be to replace the current big buyers. The industry feels that these are good to have for a variety of reasons, including keeping shipping prices low. The big buyers do not wield monopoly power – the industry has the power of changing buyers.

The issue for the Ugandan industry is to know the market, to know competing products, and to understand preferences and niches.

SPEED could assist with market analyses or marketing trips.

Technical audits - Audit of refrigeration efficiencies

Industry participants have separately indicated the need for assistance with technical audits of various production and other processes. An idea at the association level is to carry out an industry-wide audit of refrigeration efficiencies.

This is an industry-wide issue, and SPEED could assist with the mobilization of technical expert.

Improve specialized packaging available to the industry from Ugandan suppliers

As discussed at the packaging industry workshop (reported separately), the packaging industry in Uganda has been largely producer driven, with relatively little focus on identifying and meeting specific needs of the end user. From the client side, there has also been relatively little communication of specific packaging needs.

And yet, specific industries require specific types of packaging. Fish processors complain about the lack of choice in boxes; current size availability is limited to bulk packaging and 6kg packaging. Their market requires packaging of various sizes and shapes, however. And it requires better materials and quality. The industry currently purchases any special packaging from abroad, including Kenya.

SPEED will encourage the sharing of information between users and suppliers of packaging. The goals will be to encourage suppliers and customers to examine together the specific needs of the customers, and to collaborate in identifying new

product solutions. Materials and quality issues will also be examined. Quantity requirements (and guarantees), investment issues, costs, etc. can all be examined.

To do this, SPEED will convene a series of industry-specific roundtables; one will focus on the needs of the fish processing industry.

The outcomes of these roundtables should include:

- Better packaging industry understanding of client and market requirements;
- Decisions made to cater more directly to specific user requirements; and
- Domestic solutions found to industry packaging requirements, leading to more Uganda-produced packaging, and increased use by clients of packaging that better respond to export market requirements.

Help industry to reduce pre-factory losses

Several ideas were discussed for pilot initiatives to reduce losses prior to arrival at the factory. Examples included:

- Improve preservation through better containers (to reduce melting).
- More ice. There is always a shortage of ice, and producers have invested in more ice makers.
- Better use of ice. Training of fishermen in how to better pack the fish in the ice.
- Provision of ice at landing sites on the islands.
- Improve handling and better facilities at first point of landing. The handlers also need to know more about handling. (UNIDO is providing some assistance in this area.)
- Pilot/model landing centers (now there are about 12 public landing sites for the industry that are approved by the Government. 4 or 5 of them are private.
- Participants felt that the private sector needs to be involved in managing the first link (on the islands). This is more important than even the mainland landing site.

SPEED can assist with feasibility studies and technical assistance.

Provide training to fish collectors

Participants felt that the fish collectors are the logical people to provide training in cold chain management, handling methods and other issues. The Association would be interested in developing a training package and delivering the training. SPEED could assist this.

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Certain services might be offered through the Association. Of perhaps even greater interest would be for the Association to play the role of a “service provider”. In other words, to maximize SPEED’s leverage and to increase the capacities of the Association, SPEED would work with the Association to develop a service or program, and to offer the services to its membership. This would enable the association to better provide services to its membership.

Meeting with the
Uganda Leather and Animal Industries Association (ULAIA)
September 26, 2001

ULAIA represents the fairly broad range of stakeholders involved in the hides & skins and leather industries. These include, amongst others, the slaughterers, tanners, exporters and leather products manufacturers.

PARTICIPANTS IN THE MEETING

- Emmanuel Mwebe, General Manager, ULAIA
- Siraji, Treasurer, ULAIA
- Abdul Hakim Sekandi, General Manager, Tannery & Leather Improvement (U) Ltd.
- Rachel Mijumbi, PSF
- Patrick Nugawela, SPEED
- Habib Tibrichu, SPEED
- Martin Webber, SPEED

OBSERVATIONS

- The Association representatives had prepared a summary description of their association and priority needs.
- Several needs were of a nature that did not match SPEED's mandate and priorities, and are therefore not discussed in this summary report.
- SPEED is already considering working with the industry and the association to develop a pilot program based on incentive pricing. This is mentioned below, and is described in more detail in the summary business services development plan, presented separately.
- For pilot-type activities, replicability is important. If services are to be provided on a pilot or demonstration basis, the goal should be to replicate the pilot, and for the Association to possibly play the role of service provider in such programs.

- Assisting the Association will not increase exports or sales in the short term, except as it helps the association to deliver services to its stakeholders. This will need to be the basis for collaboration with SPEED.
- The Association has been able to consistently convene a fairly large group of committed, interested individuals for discussions with SPEED.
- The Association is nonetheless relatively thin, and despite its breadth, appears to lack capacity and resources.
- A UNIDO program helped to establish the association, and has provided some assistance.
- Ideas also emerged for separate PSF collaboration with the association.

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Please also refer to the summary business services plan (separate document) that was prepared subsequent to the industry workshop in September.

Facilitate access to specialized tools and inputs

Specialized tools and inputs are frequently unavailable to stakeholders in the industry, particularly up-country. On a very small scale, the association has worked to alleviate this problem, by importing specialized knives for sale to flayers. These have been sold either directly, or through exporters' networks. Especially with appropriate training, use of proper tools will improve the quality of the flayed hides.

This is a model that can be replicated and that can be supported by SPEED. As well as tools, inputs such as industrial salt can be imported at relatively low prices by the association.

Training and awareness

ULAIA has provided some training for stakeholders. Two examples include:

- A salting demonstration that attracted 34 participants; and
- A busload of 26 leaders in the flaying industry, taken to Arusha to see a modern plant (with UNIDO assistance).

Numerous topics would be relevant for training and demonstration. Other examples cited at the meeting included improved animal branding, and information on how the hide is used throughout the value chain, to show the person the results of what he does.

SPEED could assist the association in mounting training programs. This would best operate on a pilot basis, building the association's capacity to offer training and building the skills of association trainers.

Pilot program for incentive-based pricing

The pilot program was extensively discussed at the industry workshop. The Association should play a significant role in its design, implementation, monitoring and dissemination. A more extensive discussion of this possible pilot is presented in the Hides and Skins industry summary business services development plan.

Quality certification

The Association would like to begin to introduce a Ugandan quality certification, providing a guarantee for specific grades. This could be combined with a Ugandan quality seal or brand. A pilot could begin with the top quality, wet-blue grade.

SPEED could provide assistance to the Association in this effort.

NEXT STEPS

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